

Internal marketing variables as correlate of fostering employees' satisfaction and productivity in commercial banks in Nigeria

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ABSTRACT

This article analyses the relationship between internal marketing and employee job satisfaction and productivity within commercial banks in Lagos, Nigeria with the aim of improving the quality of internal marketing in this sector. A correlational research design and a quantitative approach were employed. Data was gathered by means of a self-administered questionnaire. The respondents comprised 348 randomly selected male and female banking employees at branches of three commercial banks in Lagos. Descriptive and inferential statistics were used to analyse the data. The findings revealed a significant relationship between internal marketing and employee job satisfaction and productivity. Furthermore, the quality of internal marketing boosted employees' awareness of customer needs as well as sales. Based on these findings, it is recommended that commercial banks embrace internal marketing programmes targeted at staff in order to enhance employee satisfaction and productivity.

Keywords: External Customers, Internal Customers, Internal Marketing, Satisfaction, Productivity

INTRODUCTION

The concept of employees as internal customers as a strategy to improve productivity has become a topical issue in Nigeria, especially among banking executives and managers. Internal marketing aims to attract, retain and reward employees and to promote long-term employment, which in turn increases employee job satisfaction and productivity.

LITERATURE REVIEW

This review focuses on four key themes, namely, internal marketing; employee job satisfaction; internal marketing and employee job satisfaction; and internal marketing and employee productivity.

Internal Marketing

Papasolomou, Kitchen and Christofi (2017:5) define internal marketing as an ad hoc quest to influence and change employee attitudes and behaviour in order to inculcate a concerted sales mentality. Employees are a company's original market as they provide feedback on its products and services. Thus, the primary objective of internal marketing is to ensure that staff are motivated and conscious of customers' needs. Larki, Beighi, Tajarrood and Beigi (2016:207) state that internal marketing involves making internal products (jobs) available to satisfy the needs of the internal market (employees) in order to achieve organisational objectives. Larki et al. (2016:207) add that a firm must hire,

train and motivate employees to serve external customers as this goes a long way in fulfilling internal customers' (employees) needs.

Imankhan and Charakdar (2018:2346) distinguish between implementation of internal marketing at the strategic and tactical level. At the strategic level, it aims to foster an internal environment that enhances customer consciousness and sales mindedness. The key facilitators at this level are management strategies, personnel policies, internal training and planning.

Sarker and Ashrafi (2018:122) note that successful internal marketing requires that clear objectives be set and that the concept be properly explained to staff so that they feel that they are an integral part of the company. Employees not only have a duty to understand the company's vision and strategic objectives, but they also need to understand how such objectives can be achieved. The societal aspects of internal marketing include managers ensuring that the work environment is a safe and caring one characterised by psychological support, assistance, friendliness, and mutual trust and respect (Lings, 2004:405). This is not to suggest that employees' every whim is catered for, but that supervisors recognise employees as individuals that should be treated with dignity and respect (Lings, 2004:405).

Many organisations and researchers have acknowledged that internal marketing is an important tool to increase employee job satisfaction and productivity (Conduit, Matanda & Mavondo, 2014:67; Chen & Lee, 2015:45). Conceptually, internal marketing involves applying traditional marketing concepts amongst employees in order to enhance corporate effectiveness (Ramos, 2018:39). Beige, Jorfi, and Tajarrood (2016:375) define internal marketing as a strategy to overcome resistance to change and to motivate employees to perform their duties to the best of their abilities. In the context of this study, it is a marketing strategy that aims to inculcate corporate values among employees in order to ensure that both the bank's and employees' goals are achieved.

The long-term objective of internal marketing is to retain and reward productive employees by offering incentives that promote long-term commitment to the organisation and, in turn, enhance employee satisfaction and productivity (Shah, 2014:33). Sarker and Ashrafi (2018:122) observe that internal marketing aims to achieve sustainable organisational development and enhance performance in a competitive market, as satisfied internal customers make for fulfilled external customers. It is against this background that commercial banks in Nigeria have sought to improve their performance by adopting appropriate internal marketing tools to increase employee satisfaction and productivity.

Employee Job Satisfaction

Employee job satisfaction describes a form of psychological attachment to the organisation that arises from employees' perception that they benefit from being employed by the organisation (Bailey, Albassami, & Al-Meshal, 2016:821). This includes awareness of the costs of leaving the organisation. Job satisfaction may also encompass empowerment and fulfilment on the job (Mainardes, Rodrigues & Teixeira, 2019: 134). Empowerment strategies include training and development to improve service delivery to external customers. Such training focuses on the specific tasks employees are expected to carry out and information pertaining to customers' needs as well as the incentives offered for effective customer service (Ferduis & Polonsky, 2014:312).

Internal Marketing and Employee Job Satisfaction

Mainardes et al. (2019:134) note that internal marketing focuses on the relationship between financial rewards, psychological rewards and job satisfaction. The association between job satisfaction, engagement and productivity is hinged on three dimensions, namely, (i) a strong desire to remain a member of the organisation; (ii) a commitment to high levels of effort; and (iii) firm belief in and acceptance of the organisation's goals. Sousa, Krot and Rodrigues (2018:55) argue that employee satisfaction and productivity are based on behaviour that reflects employees' loyalty and on-going commitment to the organisation's success.

Similarly, Bailey, Albassami and Al-Meshal (2016:821) state that employee job satisfaction is a form of psychological attachment to the organisation that arises from the employee's perceptions of what he/she will lose if he/she leaves the organisation. The main reason for staying is to continue to benefit from the advantages resulting

from his/her relationship with the organisation. Internal marketing thus involves an organisation's efforts to improve its attractiveness as a potential employer so that it can attract and retain employees that will deliver excellent customer service (Shabbir & Salaria, 2014:239).

Internal Marketing and Employee Productivity

Papasolomou et al. (2017:5) describe internal marketing as treating employees as internal customers in order to boost productivity and thus achieve organisational goals. Satisfying the needs of internal customers enables the organisation to satisfy external customers. Satisfied employees are more loyal and motivated and more inclined to remain with the employer (Chinweoke, Anetor, Adegboye & Chukwudinma, 2016: 69; Alhakimi & Alhariri, 2014:15).

Haghighikhah, Khadang and Arabi (2016: 147) note that internal marketing boosts employee productivity, enabling commercial banks to achieve their objectives. On the other hand, job satisfaction involves compatible and incompatible feelings that employees have in relation to their jobs. The services offered by commercial banks place employees as vital cogs in the value generation process. It is generally accepted that customer satisfaction depends more on the process of service delivery than its outcome.

It is important to note that internal marketing calls for investment in employees as internal customers, which will benefit the bank in the long term. However, it would appear that bank executives and managers tend to adopt a more short-term perspective and thus do not invest sufficiently in such initiatives.

RESEARCH METHODOLOGY

This section discusses the research design, target population, sample size, procedure for data collection, research instrument, validity and reliability, ethical considerations and data analysis employed in the study.

Research Design

A correlational research design was considered appropriate for this study as it sought to elicit information from employees of commercial banks in order to determine the relationship between internal marketing and employee satisfaction and productivity. According to Singh and Upadhyaya (2008:67), the correlational research design is concerned with the extent of the relationship between two or more variables for the purpose of drawing generalisations.

Target Population and Sample

The target population was 3,526 staff employed by three purposively selected commercial banks in Lagos, Nigeria that have incorporated internal marketing in their day-to-day operations. The banks were selected using systematic random sampling. The sample size was determined using Krejcie and Morgan's (1970) table and comprised 348 male and female employees from the selected commercial banks. The sample was further broken down using stratified random sampling to take into account the respondents' gender, department and level of education. This was done to balance gender differences and to ensure gender equity.

Research Instrument

A self-administered questionnaire designated: 'Internal Market Job Satisfaction and Productivity Questionnaire (IMJSPQ)', was used to collect information from the respondents on the relationship between internal marketing and employee job satisfaction and productivity. It contained 30 items divided into three sections and rated on a Five-point Likert-scale. Closed-ended questions were posed for easy collection and analysis of data.

Validity and Reliability

Content validity of the instrument was achieved by submitting items to subject experts in Management Science

as well as the banking industry for vetting and approval. Thereafter, a pilot study was conducted with 30 bank employees to establish the reliability of the instrument. The Cronbach Alpha was used to test reliability and the internal consistency of the instrument. The Cronbach Alpha scores for the study are depicted in Table 1 below.

TABLE 1
RELIABILITY COEFFICIENT OF
INTERNAL MARKET JOB SATISFACTION AND PRODUCTIVITY QUESTIONNAIRE (IMJSPQ)

Instrument (IMJSPQ)	Mean	SD	Item	Factor Loading	Item Total Correlation	Cronbach's Alpha
Internal Marketing	3.91	.777	10	.769	.681	.834
Employee Job Satisfaction	3.87	.846	10	.730	.607	.862
Employee Productivity	3.89	.833	10	.672	.624	.891

Table 1 shows that, the Cronbach's Alpha reliability coefficient value for internal marketing was 83.4%; 86.2% for job satisfaction; and 89.1% for productivity. According to DeVellies (2011:112) a Cronbach Alpha score below 0.60-0.65 is undesirable, 0.65-0.70 is minimally acceptable, 0.70-0.80 is very good, and above 0.90 is excellent. The study yielded very good internal reliability as the Cronbach Alpha scores were all above 80%.

Data Collection

William (2011:97) notes that questionnaires are a useful and common instrument to gather quantitative data. A total of 348 questionnaires were administered. A total of 330 completed questionnaires were returned, completed by the respondents, indicating an excellent response rate of 95%.

Ethical Considerations

The researcher obtained clearance from the University of KwaZulu-Natal Research Ethics Committee to carry out the research. Gatekeeper's permission was also obtained from the Human Resource (HR) department of the selected banks and bank regulatory bodies before proceeding with data collection. The study adhered to the generally accepted ethical principles for social science research (Dingwall, Iphofen, Lewis, Oates & Emmerich 2017:111). The respondents were asked to sign an informed consent letter before the questionnaire was administered and were informed that they were free to withdraw at any point during the administration of the questionnaire. Confidentiality and anonymity were assured at all times throughout the study.

Limitations of the study

Due to time and budgetary constraints, the study was limited to three major commercial banks in Nigeria; hence, the findings cannot be generalised to the entire banking industry in the country. Future studies could cover all banks in Nigeria.

RESULTS

The data were analysed using the mean scores, standard deviation and the Pearson product moment correlation statistical tool. All the hypotheses were tested at 0.50 level of significance.

This section presents the descriptive and inferential statistics. The discussion begins with the analysis and discussion of the descriptive statistics.

Table 2 shows that an equal number of male and female employees participated in the study. The majority (57.3%) of the respondents held a first (Bachelor's) degree, followed by 24.6% with Master's degrees, and 18.1% with a

Higher National Diploma (HND). The majority (65.5%) of the respondents were married, while 18.8% were single and 7% were separated. The remaining respondents (5.4% and 3.3%) were divorced or widowed, respectively.

In terms of experience, 40.9% of the respondents had worked in the banking sector for 10 to 14 years, 36.4%

for five to nine years and 11.8% for less than five years. Finally, 10.9% of the respondents had 15 or more years' service in the banking sector.

The majority (77.3%) of the respondents had held their current position in the bank for five to 10 years, while 11.8% and 10.9% had occupied their current position for less than five years and 11 years and more, respectively.

In terms of department, 39.2% of the respondents were placed in the marketing department, 25.3% in the operations department and 12.1% in corporate services. The remainder (8.4%, 8.1% and 6.9%) worked in the funds transfer department, human resources department and recovery department, respectively.

The Shapiro-Wilk test of Normality was conducted on the primary data and the results are presented in Table 3 and Figure 1.

Table 3 indicates no violation of normality, linearity and homoscedasticity, as there was a strong, positive correlation between the variables. This was further supported by the normal P-P plot of the Pearson Product Moment Correlation of the variables as illustrated in Figure 1:

FIGURE 1
BIPLOT FOR A CASUAL BLOUSE/TOP

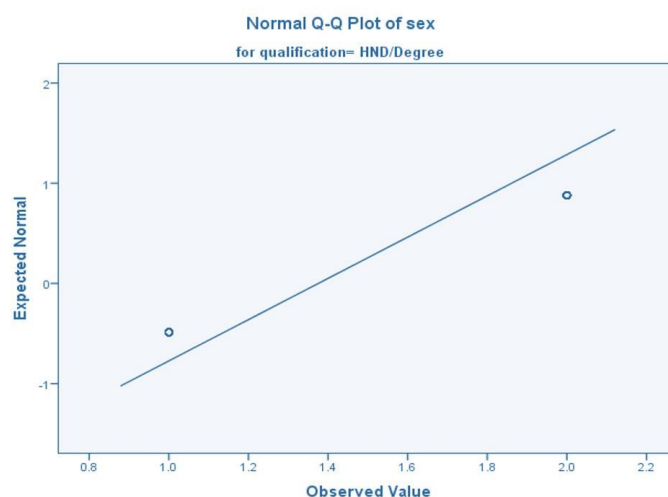


TABLE 2
PERCENTAGE DISTRIBUTION OF RESPONDENTS' CHARACTERISTICS

Characteristics		Frequency	Percent
Gender	Male	165	50.0
	Female	165	50.0
	Total	330	100
Educational Qualification	HND	81	24.6
	First Degree	189	57.3
	Master's Degree	60	18.1
	Total	330	100
Marital Status	Married	216	65.5
	Separated	23	7.0
	Single	62	18.8
	Widowed	11	3.3
	Divorced	18	5.4
	Total	330	100
Working Experience	5 years and below	39	11.8
	Between 5 and 9 years	120	36.4
	Between 10 and 14 years	135	40.9
	15 years and above	36	10.9
	Total	330	100
Years in Current Position	Below 5 years	39	11.8
	5 – 10 years	255	77.3
	11 years and above	36	10.9
	Total	330	100
Department	Marketing	128	39.2
	Operations	84	25.3
	Corporate Services	40	12.1
	Fund Transfer	28	8.4
	Human Resources	27	8.1
	Recovery	23	6.9
	Total	330	100

TABLE 3
TEST OF NORMALITY OF PRIMARY DATA

Tests of Normality ^{b,c,d}		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Educational qualification	Statistic	df	Sig.	Statistic	df.	Sig.
Sex	HND/Degree	.705	330	.000	.914	330	.000

Figure 1 illustrates that the Pearson Product Moment Correlation between the independent variables and dependent variable is normal. This shows the extent of normality of the influence of the independent variables on the dependent variable.

The formulated research hypotheses are tested below.

Internal Marketing and Employee Job Satisfaction

The first research hypothesis was formulated to examine the relationship between internal marketing and job satisfaction among employees of the participating commercial banks in Nigeria. The results of the statistical analysis for hypothesis one are presented in Table 4 below.

TABLE 4
RELATIONSHIP BETWEEN INTERNAL MARKETING AND EMPLOYEE JOB SATISFACTION

Variables	N	Mean Scores	SD	MD	r _{cal}	P	Remark
Internal marketing	330	27.02	3.65	0.08	0.59*	<0.05	Significant
Employee satisfaction	330	26.94	4.21				

*Significant; $df = 328$, critical $r = .113$

Table 4 shows that the calculated r – value of 0.59 is significant since it is greater than the critical r – value of 0.113 given 328 degree of freedom at 0.05 level of significance. Consequently, the research hypothesis is accepted. This means that internal marketing significantly relates to employee job satisfaction in the banking industry.

Internal Marketing and Employee Productivity

The second research hypothesis was formulated to examine the relationship between internal marketing and employee productivity in the participating commercial banks in Nigeria. The results of the statistical analysis for hypothesis two are presented in Table 5.

TABLE 5
RELATIONSHIP BETWEEN INTERNAL MARKETING AND EMPLOYEE PRODUCTIVITY

Variables	N	Mean Scores	SD	MD	r _{cal}	P	Remark
Internal marketing	330	27.02	3.65	1.16	0.64*	<0.05	Significant
Employee productivity	330	25.86	4.10				

*Significant; $df = 328$, critical $r = .113$

Table 5 shows that the calculated r – value of 0.64 is significant since it is greater than the critical r – value of 0.113 given 328 degree of freedom at 0.05 level significance. Consequently, the research hypothesis is accepted. This means that internal marketing significantly relates to employee productivity in the participating commercial banks in Nigeria. Judging from the correlation coefficient and the level of significance, it is evident that there is a strong positive relationship between internal marketing and employee productivity in these commercial banks.

DISCUSSION

The study aimed to determine the relationship between internal marketing and employee job satisfaction and productivity in commercial banks in the Lagos metropolis, Nigeria. The findings reveal that internal marketing has a significant relationship with both employee job satisfaction and productivity. These findings are supported by Amoopour, Hemmatpour and Mirtaslimi (2014:123); Shabbir and Salaria, (2014:239) and Shah (2014:15). Amoopour et al. (2014:123) concluded that employee satisfaction leads to customer satisfaction. Shabbir and Salaria (2014:239) and Haghighikhah et al. (2016:147) noted that satisfied employees (internal customers) lead to satisfied (external) customers. Happy employees are motivated to be productive and the key driver of organisational performance is employee attributes such as employee satisfaction. Service employees who are satisfied and loyal to their organisations are more likely to be committed to delivering high quality services to customers.

Commercial banks in Lagos are lagging behind in developing and implementing effective internal marketing strategies that could improve employee satisfaction and productivity. As Shah (2014:15) notes, improved product quality will lead to satisfied customers, customer retention and will attract new customers. Ultimately, this will enhance revenue growth and profitability. Thus, a powerful internal marketing strategy triggers a positive chain reaction. Building such a strategy requires substantial investment in time and resources.

IMPLICATIONS AND RECOMMENDATIONS FOR COMMERCIAL BANKS

Based on the results and the discussion on the findings, management of commercial banks in Nigeria should make funds available to develop marketing programmes that focus on the internal market (employees) as well as the external market (customers). Employees are often sidelined as banks spend thousands of dollars attracting and retaining customers. The study's findings point to the need for a shift in mindset to develop strategies to increase employee satisfaction by designing jobs with features that appeal to employees, rather than merely concentrating on the task requirements of their jobs.

Banking staff provide clients with important services and thus need to be aware of their customers' needs. Ongoing training is required in the latest technology and innovations that have revolutionised banking services. Bank management should also support their staff in acquiring crucial communication and recovery skills. At all times, they should strive to create an environment where employees feel comfortable and satisfied with their job. If employees feel valued as people, and are cared for and supported by their organisation, levels of customer satisfaction will increase as loyal, committed employees are likely to deliver high quality services.

It is thus recommended that management of commercial banks should prioritise internal marketing in order to enhance job satisfaction and productivity.

CONCLUSION

The aim of this study was to examine if internal marketing variables correlate to fostering of banking employees' job satisfaction and productivity. The results clearly indicated a significant relationship between internal marketing and banking employees' job satisfaction. The results also indicated the existence of a strong positive relationship between internal marketing and employee's job productivity. If banks' management properly manage the banks' internal marketing, this would create an internal job environment within the bank that bolsters customer consciousness and sales mindedness among their employees. The key facilitators that would serve as a catalyst to empower staff to be motivated would be if they support the management methods or approaches, personnel policy, internal training and planning procedures within the bank, thus resulting in optimal employee productivity levels.

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